

# State of South Dakota

SEVENTY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 1997

246A0200

## SENATE BILL NO. 19

Introduced by: The Committee on State Affairs at the request of the Commissioner of School and Public Lands

1 FOR AN ACT ENTITLED, An Act to provide for the investment by the state investment  
2 council of certain school and public lands funds.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 4-5-23 be amended to read as follows:

5 4-5-23. The state investment officer is responsible for the investment of the state public funds  
6 as defined in chapter 4-4. All functions, powers, and duties presently vested by law in any officer,  
7 official, employee, agency or commission which relates to the investment of the state public  
8 funds and accounts enumerated in this section are transferred to the state investment officer. ~~The~~  
9 ~~functions, powers and duties are advisory only with reference to permanent school and other~~  
10 ~~educational funds.~~

11 Section 2. That § 5-10-1.1 be amended to read as follows:

12 5-10-1.1. There is hereby created in the state treasury a fund called the board of regents  
13 endowed institution interest and income fund to be administered by the commissioner of school  
14 and public lands. Any investments of money in the fund shall be made by the state investment  
15 council. No allocations or expenditures may be made from the fund except as provided in

§ 5-10-1.2. The fund shall be declared a participating fund and it shall be credited for all interest earned on fund balances.

Section 3. That § 5-10-18 be amended to read as follows:

5-10-18. The moneys of the common school permanent fund and other educational funds shall be invested ~~only in:~~

~~—(1)— Bonds of the United States;~~

~~—(2)— Securities guaranteed by the United States, including veterans administration, farmer's home administration and federal housing administration mortgages and small business administration loans;~~

~~—(3)— General obligation bonds of the state of South Dakota;~~

~~—(4)— General obligation bonds of any public school corporation of South Dakota;~~

~~—(5)— General obligation bonds of any organized county of South Dakota;~~

~~—(6)— General obligation bonds of any first or second class municipality within the state of South Dakota;~~

~~—(7)— Loans made under the Federal Higher Education Act of 1965, as amended, provided that the owner of such loans shall continue to service such loans, for which servicing the commissioner shall by rule allow a reasonable administrative cost allowance.~~

~~— The rate of interest at which such funds shall be invested in bonds of the state of South Dakota and bonds of any school corporation, organized county or first or second class municipality shall be negotiated by the parties by the state investment council.~~

Section 4. That § 5-10-18.1 be amended to read as follows:

5-10-18.1. Whenever in the carefully considered judgment of ~~the commissioner of school and public lands~~ and the state investment officer, low yield securities of the United States as detailed in subdivisions 5-10-18(1) and (2) held in trust by the state as a part of the permanent school fund portfolio, can be sold below their cost, or exchanged at less than their purchase price, in

1 order to secure the highest income compatible with safe investment, the ~~commissioner and the~~  
2 investment officer, with the approval of the Governor as provided in section 12 of article VIII  
3 of the Constitution of South Dakota, may do so.